



TURKEY

Business Conditions Snapshot

- A G20 member and the 18th largest economy in the world, Turkey has a highly industrialised economy, and is an important link in European industrial supply chains.
 - It nonetheless faces a number of short-to-medium term economic challenges, including high inflation, currency volatility, and high levels of corporate debt.
 - The COVID-19 pandemic has added to these pressures due to the economic impact of lockdowns in Turkey and in major export markets such as the European Union (EU), as well as a steep decline in foreign tourist arrivals in 2020.
- Geography defines Turkey's trading relationships: its major bilateral partners are located in Europe (particularly Germany and Russia) and the Middle East (particularly Iraq).
- Turkey is a leading producer of agricultural products and manufactured goods, including textiles, motor vehicles and parts, and consumer electronics and home appliances.
 - Turkey has successfully leveraged its customs union with the EU to provide a cost-effective hub for manufacturing for export to EU countries.
- During COVID-19 Turkey's manufacturing and textiles sector geared up to become a major supplier of PPE and medical equipment. In light of the disruption to supply global chains during the pandemic, the Turkish Government now aims to attract companies looking to diversity supply chain risk and near-shore their procurement and manufacturing in Turkey.
- Turkey's agriculture sector employs approximately 20 per cent its workforce and protection of the sector is high.
- The Turkish Government has invested over the last decade in major infrastructure and energy-related projects, including in renewables, although the launch of major projects slowed in 2020 compared to past years. Nonetheless, the government remains focused on future projects, including developing recently discovered gas reserves in the Black Sea.

Key facts and figures

- Population: 83 million (2019)
- GDP growth: 0.2 per cent (2019)
- GDP per capita: US\$8,957.9 (2019)
- Political system: constitutional republic
- Two-way trade: A\$1.98 billion (2019–20);
- Major Australian Exports: gold, coal, pharmaceuticals, education related travel
- Major Australian Imports: personal travel, fruit and nuts, goods vehicles, construction materials, whitegoods
- Two-way investment: A\$1.843 billion (2019)



- Turkey is a net importer of oil and gas, making it reliant on energy imports for 80 per cent of its energy needs. To become energy self-sufficient by 2023, Turkey is pursuing international partnerships in renewables and nuclear energy, in addition to technology transfer and R&D partnerships. The Government has also announced its intention to commence exploiting recently discovered Black Sea gas reserves by 2023.
- Turkish companies have both domestic and international mining interests. More than 50 different minerals are mined in Turkey, including coal, gold, copper and boron salts.
- Turkey's population is relatively young (40 per cent are under the age of 22) and highly urbanised (74.4 per cent in 2017).

Trade and Investment Opportunities

- Bilateral trade and investment with Turkey is modest, considering the relative size of our economies.
 - Australia's bilateral Investment Protection and Promotion Agreement (2009) and Double Taxation Agreement (2010) aim to further encourage bilateral investment.
- Australian companies have invested in Turkey's infrastructure, mining, construction services, agri-business and digital services.
- Developing awareness of respective trade and investment opportunities in Turkey and Australia is a priority.
- Major current and emerging commercial opportunities include:
 - The mining sector (mining, equipment, technology and services (METS) and mining project partnerships).
 - Services to the construction and infrastructure sectors.
 - Collaboration on energy innovation, including in renewables.
 - Education services and institutional collaboration.
 - Agri-food and agricultural services and technology.
 - Niche digital services (including in areas like finance, education and health).
- Major initiatives to capitalise on opportunities include:
 - Marketing Australia as an education destination in Turkey, and facilitating institutional collaboration and entry of education services companies into the market.
 - Collaborating with Turkish agricultural agencies and leading agri-business companies on breeding and veterinary services, as well as facilitating Australian agri-sector companies into the market.



- Continuing to encourage direct flights to Australia post COVID-19, which would likely have a transformative impact on the commercial relationship.
- Marketing Australian METS expertise to key Turkish mining companies. This includes by leveraging key Turkey mining events, when events such as the biennial Mine Safety Conference and other key mining exhibitions and conferences in Istanbul, Izmir and Antalya recommence post-COVID-19.
- Promoting and facilitating Turkish in-person (where appropriate) and online participation in key overseas conferences relevant to Australia's interests, including:
 - » mining (Africa Down Under and Mining Indaba), and the International Mining and Resources Conference (IMARC) in Melbourne
 - » education (World Federation of Colleges & Polytechnics Congress)
 - » defence (Sea Power, Air Power and Land Forces Conferences).
- Key Turkish events in these sectors when travel restrictions allow.

Trade Policy Focus

- Turkey has a customs union with the EU, which allows goods to move between Turkey and the EU without restriction.
 - This provides the foundation for Turkey's well-developed manufacturing sector and is the basis for the EU's place as Turkey's number one trading partner (50 per cent of Turkey's exports and 36.3 per cent of Turkey's imports).
 - Protracted negotiations for full membership of the EU continue, but are unlikely to be concluded in the near term.
- Turkey is a member of the G20, Organisation for Economic Co-operation and Development (OECD), North Atlantic Treaty Organization (NATO) and MIKTA (Mexico, Indonesia, South Korea, Turkey and Australia). It has been a member of the World Trade Organization (WTO) since 1995 and the General agreement on Tariffs and Trade (GATT) since 1951.
- Turkey has concluded Free Trade Agreements (FTA) with a wide range of countries, including Chile (2009), South Korea (2013), Malaysia (2014), and Singapore (2017). It is negotiating a number of new FTAs, including with Japan, Pakistan, Thailand, Indonesia, Vietnam and Ukraine. Turkey and the UK are in the final stages of negotiating a post-Brexit FTA.



MARKET INSIGHTS

CONNECTING AUSTRALIAN BUSINESS TO THE WORLD

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Insight current as at December 2020.



Australian Government

Department of Foreign Affairs and Trade